G. R. S. IX-5]

Previous references.

S 7145-20 - (45)

97 File No. 149-20

1921.

Serial Nos. 10-2

(97)

Later references.

G.7.62-23-142

G.7.4-23-51, 54, 60.

Cf: 17.27.10, 12

Cf: 193.27.18

file zero

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 2

Part B for July 1921

SUBJECT.

Revised rates of interest on second advances for motor vehicles.

To { The Comptroller / " Heads of Depts. / " Secys to Govt - / " Secs of Boards } No. 7H 367-416 dated 23.7.21

Directs charging interest at 7% and penal rate at 9% in case of default

WD 2233--GPB—20,000—14-6-20

23.7.21

23 147

G. R. S. III—1] 1920.

GENERAL AND REVENUE SECRETARIAT.

(G. F.)

NOTES.

File No. 149-20

FILE HEADING.

Revised Rates of interest on Second Advances for Motor Vehicles.

From

The Financial Secy.

No.	Dated	Received

Diary No.	Enclos.	Spare Copies.	Serial No. 1

BRIEF ABSTRACT OF LETTER.

Financial Secy's and Under Secy's Notes on the Subject, with the Debar's orders thereon, in File G.F. 148-20

NOTES AND ORDERS.

Put up the authority for the existing rates and work up the Notes separately.

Sd. B.S.

Under Art 261, Section (7) M. & C. Vol I, interest at 6½ % per annum is

NOTES—First Sheet.

Serial No.

being charged as advances to Motor Vehicles, granted for the second time. Draft relaxing this rule is put up

2655/10/2

Finance 18/2/24

Secretary 22-2-24

Should not the general question of varying the rules be submitted to H.H.

22.2.24

Dr. 251

Instead of extracts from the general statement have been sent to the representatives. As necessary action is being taken in individual cases, it does not seem to be necessary to submit the general question to H.H. vide Dewan's D.O. 1-1-24 in the linked file (D.7-145-20-1).

The procedure with regard to further action in this matter might be as follows:—

The Finance Dept. may be asked the individual files sent to the

G. R. S. III-2]

3147

3

General and Revenue Secretariat.

GS File No. 149 of 1920

Serial No.

The new Secretary of the P.W.D alone are reminded. The notes of action taken in other Sects have not been received. They will also be reminded

28/2

administrative orders with their remarks recorded. On the proposal for enhancing the rate of interest. And when all the cases are received back, the papers might be submitted to H.H. for sanction and for all. Thiguchin being agreed and effecting all orders, it is desirable that sanction of H.H. be obtained.

28/2 Hosey) 28/2 Dagger 8.3.21

K 15/3

With the sanction of H.H. the Rev. Secy has issued orders enhancing rates of interest on the loans, under its control, including the loan to owners of lands submerged under Krishnaraja Sagara. The Secy which was reminded in the matter, has been taking action.

Draft raising rates of interest on the loans to (i) Motor Vehicles (ii) Encumbered Jahagirdars, to put up for approval.

24/27/4. 9/5

27/4 9/5

Orders have issued by Govt. Assembly Sect in Case of Corporation Secy also. Letters have also in which of the Cases took. Saying what further action has to be taken (Vide Hosey's note)

L + Y

G

A

NOTE.—Contn. sheet.

G. R. S. III-2]

General and Revenue Secretariat.

File No. 847 of 19

4

Serial No.	
	Are which seek.
	We are responsible - Fin the 2 cases of the 7th and the case of the 8th Jat seek.
	18

NOTE—Contn. sheet

Mr Gogarty Asst Secretary
Supply & Transport Section
Dublin Command.

Please let me know if the marginally noted loans are also included in the G.O. of 9th June 1921 re enhancing the rate of interest on Industrial & Agricultural loans.

1) Seed Cultural Loans
2) Fruit Culture "
3) Loans for Horse Pony. Cattle breeding
4) Loans to Dairy Farmers

If not, is Separate action being taken in the matter upon hand?

C.O.S.

14/6/21

14/6/21.

T. Gilbert

6672

5

E

Y+Z

Serial No.

Attention is invited to the Statement* showing the several kinds of loans issued by Govt and dealt with in the different Secretariat. As per Spare copies of Govt orders received* up to now action has been taken in respect of the loans marked in ~~red~~ pencil.

Action has still to be taken in the following cases and in the Secretariats noted against each.

Land Improvement Loans (old/new) } ~~Rev Secy~~
Takavi Loans (old/new) }

Sericultural loans
Fruit Culture "
Loans for Horse, pony, cattle Breeding &c
Loans to Dairy & other Farms. } Edn Secy

Action taken
Secretaries
Secretaries
14/11

Loans to Encumbered Inamdars
motor advances } Fin Secy.

~~Of the above~~ The last two mentioned are to be dealt with in the Fin? Branch.

A draft G.O is submitted enhancing the rate of interest for approval

Subd with regd to * seen ~~above~~ ~~dated~~ on the previous page.

MRR
11/11/21

TCR
10/11

NOTE—Contn. sheet.

G. R. S. III-21

General and Revenue Secretariat.

G7 File No. 1409 of 1920.

Serial No.

It is not likely that any loans will be sanctioned to encumbered Estates in the near future. An application for Kistbandy loan was recently rejected. No order regarding the enhancement of rate of interest need at present be issued — in my opinion.

2) Please submit a clean draft of the G.O. regarding enhancement of rate of interest as noted above, Blue-pencilled for the 2nd time.

In view of the issue of the next Loan, it is a point for consideration why the rate should be raised as under

ord. — 7½ p.c.

penal — 9 p.c.

Very. 3) Submit a D.S.N. also.

Very early — Time has been under delay —

18
16-6-24.

D. S. N. & clean draft submd.

48
18/6. Yes, I agree 18
19-6-24

3738
19/6

Dewan

DEWAN'S OFFICE.
Recd. on 13 JUN 1921
Reg. No. 287

NOTE—Contn. sheet.

Submitted to His Highness.

...

These papers relate to enhancement of the rate of interest charged for the grant of a second advance to officers for purchase of motor vehicles. In view of the high value of money the rates of interest chargeable on the several classes of loans and advances issued by Government require to be suitably enhanced and action in that directio has already been taken in certain cases with His Highness' approval. The accompanying draft order increasing the rate of interest on second advances for purchasing motor vehicles may be graciously approved.

Draft for approval.

15th July 1921

Record of Cases submitted for the Orders of His Highness the Maharaja

Subject.

Enhancement of the rate of interest on second advances granted to officers for purchase of motor vehicles.

48

Order.

~~KRW~~
18/7/21

19.7.21

19.7.21

S.O.I. 3836

Proceedings of the Government of His Highness
the Maharaja of Mysore.

Read Again:-

Government Order No.11541-57/L.F.86-96 dated 14th April 1899 laying down certain conditions for the grant of loans to Municipalities for the execution of Sanitary Works.

Order—No. R 11030-41 Mil 201-20-1

Dated Bangalore, the 4th April 1921.

Having regard to the present conditions of the money market and the ruling rate of interest, Government consider that it is necessary to raise the rate of interest charged on the several classes of loans granted to by them. So far as loans to Local Boards are concerned, Government are pleased to direct that the rate of interest on them be fixed at 7 per cent, ordinary, and 9 per cent, penal, and that, as regards loans already advanced, the penal rate be enhanced from 6 per cent—the present rate, to 9 per cent if defaults have been made in repayment, unless a definite penal rate has been specifically fixed in the agreement itself relating to the loan in question.

By Secretary to Government,
Revenue Department.

To

The Deputy Commissioners of Districts for communication to several Municipal Councils and Local Boards in their Districts including Kolar Gold Field.

" Presidents of Bangalore and Mysore Cityes Municipal Bds.

" Comptroller, Mysore Government.

Fwd 18/4/21

Fwd 5/4/21

DKL5.

Orders required
points noted below

*May this be

i Printed ?

treated as a standing order ?

iii published in the Gazette, English Part ?

iv translated ?

v placed at the disposal of the press ?

vi published in the Gazette, Kannada Part ?

vii Computer, Blue Book, Journal

(copies)

21/7/21

Proceedings of the Government of His Highness the Maharaja of Mysore.

R e a d:-

G.O.No.Fl.4336-65/G.F.17-17.25 dated 18-2-18 directing that a second advance for the purchase of a motor vehicle may be grant-ed under the Rules prescribed, interest at 6¼% per annum being charged thereon.

Order No. Fl 367-416/G7 149-20-2
dated 23 July 21

~~Having regard to the present condition of the money market and the ruling rate~~ of ~~interest~~, Government are pleased to direct ~~th~~ that the rate of interest chargeable on ~~such~~ ~~loans~~ ~~should~~ be raised to ~~6½~~ 7%, penal interest ~~on~~ at ~~9~~ 2% being levied in cases of default.

covering the purchase of motor vehicles

2. This order will have effect in respect of all loans issued from and after ~~21st~~ 18th July 1921.

11.7.21
Financial Secretary.

18
19.6

To

The Comptroller
" Heads of Departments
" Secretaries to Govt.
" Deputy Commissioners of Districts.

I append a statement showing the different kinds of loans sanctioned by Government and the rates of interest -- ordinary and penal charged on them.

The value of money has gone up and all conditions point to the probability of the rates of interest ruling high for some years to come. The Government of India allowed a rate of 6% on their loan of this year, to be discharged ten years hence. The Bombay Government allowed 6½% on their loan of this year, which is due for discharge 15 years hence. On our own loan we allowed 6 5/16% and the loan is due for discharge 20 years hence.

The demand for capital ~~it~~ growing everywhere and the rates on capital issues are still rising. As far as it is possible to form any forecast of the trend of things in the future, the value of money in the next ten years is not likely to decrease and the current rates of interest will in all probability continue and may even rise higher. In view of these factors, it is necessary to reconsider the rates of interest charged on the loans that are now being sanctioned by Government.

The rates of 4 and 5 per cents, are unduly low judged by the present standard, and they were allowed when the rate of interest on Government of India loans was 3½ per cent. The money required for making these loans, we have to find by borrowing in one form ~~of~~ or another, and we cannot borrow at the rates at which loans are now being sanctioned. It is not right to lend at a lower rate than that at which we borrow as such an arrangement transfers the burden of the difference to the general taxpayer. Our financial position is not also such as to permit of lending at concessional rates of interest. It is not also right to advance money at unduly cheap rates of -- ordinary and penal interest, as such an arrangement will place a premium upon borrowing from Government and also upon the ~~disinc~~ disinclination to repay loans.

The ordinary rate of interest to be charged on any kind of loan should not be less than that at which we may expect to borrow ourselves and this rate for the present cannot be placed at lower than 5%. The penal rate should be sufficiently deterrent for preventing

defaults. In view of these circumstances, a revision the rates of interest to be charged on the different kinds of loans urgently called for and I would suggest that for a period of five years, the minimum rate of ordinary interest may be fixed at 6 and that of penal interest at 8%.

As regards loans already advanced, it is not possible to increase the ordinary rate of interest but if defaults have been made in repayment it is necessary and desirable, if possible, to increase the rate of with a view to enforce repayment . As regards all future enhanced rates of interest have to be levied.

If in view of what is stated above, the need for raising the rate of interest is generally recognized, the respective departments of the Secretariat may be required to take further action.

Intd. [illegible].
25-10-20.

Dowan)

The Financial Secretary may kindly note the rates of which he would recommend in future in respect of each of these. The Departments may be consulted afterwards.

Intd. M.K.
30-10-20.

I have noted rates in red ink in the statement put up.

Intd. M.N.K.
3-1-21.

Dowan)

The question may now be worked up by the departments concerned and submitted.

Intd. M.K.
10-1-21.

Please send copies of notes and orders to the Departments concerned and put up file for dealing with loans with which Finance Department is concerned.

Intd.M.N.K.

11-1-21

Statement showing the several kinds of loans with the rate of ordinary and penal interest to be charged.

Sl. No.	Kind of Loan.	(3) Proposed Ordinary	Proposed Penal	Rate of interest per annum.	Rate of penal interest per annum.	Remarks.
1.	Land Improvement and Takavi Loans.	6½	8	5%	6¼%	
1.A.	Loans for Sagavali Kattes	-do-	-do-	4%	-do-	
2.	Sericultural Takavi Loans.	-do-	-do-	-do-	-do-	
3.	Fruit Culture Loans.	-do-	-do-	6¼%	-do-	
4.	Loans to Coffee Planters	7	9	-do-	6%	As per Article 221 (b) Mysore Account Code Volume I.
5.	" for Horse Pony and cattle breeding	7	9	5%	-do-	
6.	" to Municipalities and District Boards.	7	9	4%	-do-	
7.	" " Jahgirdars	7	9	5%	-do-	
8.	" Agricultural Banks	..	..	4%		
9.	" " Co-operative Societies	6½	8	5%	6%	-do-
9a	" " weavers do - do -					
10.	" for encouragement of Industries and Commerce	7	9	4 to 6¼%	6¼%	The rate is fixed by Govt. in individual cases.
11.	" " ~~Rural~~ Rural and Cottage Industries.	6½	8	6¼%	6¼%	
12.	" " Dairy and other ~~Farm~~ farm	-do-	-do-	5%	6¼%	
13.	" " Purchase of machinery	7	9	6½%		Previous at 6¼% .Since raised to 6½%.

Sl. No.	Kind of Loan.	Proposed Ordinary	Proposed Penal	Rate of interest per annum.	Rate of penal interest per annum.	Remarks.
14.	Loans to Owners of lands submerged by K.R.Sagara	6½	8	4% for the 1st 5 years 5% " next "	6%	
15.	" for restoration of Minor Tanks	-do-	-do-	5%	6%	
16.	Miscellaneous loans	7	9	4% and 5%	-	Previous at 6¼% Since raised to 6½%.
	~~Loans for house building (Interest bearing)~~	6½	8			
17	Motor advances Interest bearing					

" C O P Y "

For Financial Secretary to Govt.

mlcr
15/3/31

MK.5.